



Amy G. Rabinowitz
Counsel

September 17, 2001

Mary L. Cottrell, Secretary,
Dept. Of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

**Re: D.T.E. Docket 99-60, Investigation by the Department of
Telecommunications and Energy on its own Motion into the Pricing and
Procurement of Default Service Pursuant to G.L. c. 164, ' 1B(d).**

Dear Secretary Cottrell:

Pursuant to the Department's June 30, 2000 order in Docket 99-60-B, Massachusetts Electric Company and Nantucket Electric Company (collectively, the "Companies") are submitting the results of the Companies' most recent solicitation for default service and proposed retail rates for the default service pricing options resulting from the solicitation for the period November 1, 2001 through April 30, 2002.

In the prior solicitation process, the Companies received approval from the Department on March 7, 2001 to procure their default service supply needs in one-third segments with terms of six, twelve, and eighteen months each. As a result of this process, the Companies had procured their default service supply in the following increments: all of their supply needs for the period May 2001 through October 2001, two-thirds of their supply needs for the period November 2001 through April 2002, and one-third of their needs for the period May 2002 through October 2002. The Companies requested and received approval for retail default service rates for the six-month period May 2001 through October 2001, in accordance with the Department's guidelines, as established by the Default Service Working Group Report, for establishing retail default service rates.

On August 8, 2001, the Companies issued a Request for Power Supply Proposal ("RFP") requesting bids to supply one-third of the Companies' default service needs for the twelve-month period November 2001 through October 2002. This procurement is intended to cover the remaining one-third default service supply needs for the period November 2001 through April 2002 and to cover an additional one-third of the Companies' default service needs for the period May 2002 through October 2002. The RFP sought fixed price proposals, which could vary by calendar month, for the residential customer group, commercial customer group, and industrial customer group. The retail default service prices for the period

Mary L. Cottrell
September 17, 2001
Page 2

November 2001 through April 2002 resulting from the winning bids along with the remaining two-thirds of default service supply already under contract are contained in Attachment 1 to this letter. A confidential analysis of the bid results has been provided under a separate cover letter, with a request for confidential treatment. The results of the current solicitation, when combined with purchases made pursuant to prior solicitations, provide the Companies with all of their default service supplies for the period November 2001 through April 2002, and two-thirds of their residential and commercial and one-third of their industrial supply needs for the period May 2002 through October 2002¹.

The Companies are providing the calculation of the default service rates for the fixed price option for the three customer groups in Attachment 2. Attachment 3 includes the revised tariff supplement to the Companies' default service tariff², containing the proposed fixed and variable default service rates for the period November 2001 through April 2002. The Companies are proposing that these rates become effective for usage on and after November 1, 2001.

Thank you very much for your time and attention to the Companies' filing.

Very truly yours,

Amy G. Rabinowitz
Attorney for
Massachusetts Electric Company
and Nantucket Electric Company

cc: DTE 99-60 Service List

¹ Please note that the Companies are still negotiating acceptable commercial terms with the winning supplier for the industrial customer group for the period May 2002 through October 2002, and have not yet executed a contract with that supplier. To the extent acceptable terms are not reached, the Companies will rebid the load requirements and submit the results of that bid to the Department. However, contracts for all default service supplies for the period November 2001 through April 2002 have been executed and the above action does not affect the proposed default service rates for the period November 2001 through April 2002.

² Both Companies' default service tariff is Tariff for Default Service, M.D.T.E. No. 1041.